

Reserve fund transfers

The transfers to Town budget accounts authorized by the Finance Committee during FY05 are shown in the accompanying table.

The Reserve Fund is an appropriated contingency account. It is part of the Town Government budget (item 40 of Article 8, proposed at \$200,000) and is counted within the Finance Committee's budget guideline for Town Government operations (Article 8, items 1-43). It is allocated during the budget year by vote of the Finance Committee pursuant to the request of the Town Manager. Legally, its use is restricted to "extraordinary or unforeseen expenditures".

The Town budget is adopted as a series of separate appropriations

(Article 8, items 1-48). Funds cannot be transferred from one appropriation account to another except by Town Meeting action. Only the Reserve Fund appropriation may be used during the fiscal year to supplement other appropriation accounts. This process works differently for the Concord Public Schools budget (Article 9). State law gives the School Committee the bottom line power to authorize transfers within the appropriation total voted by Town Meeting

At the end of each fiscal year, funds in appropriation accounts that are not spent are returned to the General Fund balance.

The FY07 Reserve Fund appropriation recommendation, \$200,000, is less than one percent of the total Article 8 recommendation. State law allows the Reserve Fund appropriation to be as much as 5% of the previous tax levy; this would permit a Reserve Fund appropriation of \$2.6 million. The Concord Finance Committee has not felt that such a large contingency account would be consistent with the objective of fostering tight expenditure control by Town and school administrations.

Reserve Fund Uses, FY2005

<u>Town Account</u>	<u>Amount</u>	<u>Purpose</u>
West Concord Fire Station	\$ 47,045	floor drain remediation
Fire Department	14,223	emergency replacement of defibrillators
Harvey Wheeler Community Ctr	11,350	utilities
TOTAL	\$ 72,618	